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ASPECTS OF ACTIVE AGEING

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MISSOC Analysis 2012/1

Social Protection/Social Security Aspects of Active Ageing

Introduction

Active ageing is high on the agenda. Many reports, conferences and official documents have been dedicated to this topic over the last few years¹. Demographic challenges and economic reasons as well as ethical concerns are put forward to promote longer active lives. In this respect, 2012 has been nominated as the “European Year for Active Ageing and Solidarity between Generations”. These selective actions are supported in the long term by the Treaty of Lisbon which refers to solidarity between generations as one of the objectives of the European Union².

What is active ageing? There is no legal definition as such. According to the World Health Organisation (WHO)³, active ageing refers to “The process of optimising opportunities for health, participation and security in order to enhance quality of life as people age. It allows people to realise their potential for wellbeing throughout their lives and to participate in society according to their needs, desires and capabilities, while providing them with adequate protection, security and care when they need assistance. While this definition includes the notion of continuing activity in the labour force, it also encompasses continuing participation of older people in society”. Long-term care schemes which have a growing role in European countries are at the centre of attention of the European Union⁴. They would deserve an ad hoc study in relation to active ageing.

This broad definition, supported by the EC⁵, can lead to various actions and policies. Active ageing refers to a better participation of retirees in society, to the right to independent living and to give older workers better chances in the labour market⁶. According to the European Union website⁷, “Active ageing means growing old in

² Art.3(3).
⁴ The EU promotes the coordination of national long-term care policies through the open method of coordination with a particular focus on access, quality and sustainability. It includes: enhancing the provision of long-term care services (a mix of home, community and institutional services); priority for tailor-made home and community care services to help people live in their home for as long as possible; improved coordination between different levels of government budgets and between health and social care budgets permitting an adequate continuum of care irrespectively of the different levels of long-term care provision (local, regional, national) and organisation. See http://ec.europa.eu/social/main.jsp?catId=792&langId=en
⁵ See Commission Staff Working Document on the European Year for Active Ageing and Solidarity between Generations.
⁶ On these three categories of actions, see the official EU 2012 Year website: http://europa.eu/ey2012/ey2012main.jsp?catId=971&langId=en
⁷ See “EU 2012 Year” website.
good health and as a full member of society, feeling more fulfilled in our jobs, more independent in our daily lives and more involved as citizens”. In this respect, one component of active ageing is the improvement and the adaptation of working conditions of older workers. This question, however, belongs to the field of labour law (and other labour sciences); it will not be discussed in this report.

**Active ageing and social protection: a focus on promotion of employment of older workers**

With such a wide definition, active ageing is connected to social protection in many ways. Active ageing may impact access to healthcare; it may influence the substance of benefits in kind or in cash provided. In particular, active ageing may be associated with measures dealing with long-term care benefits. Active ageing can also be taken into account for the definition and scope of family benefits or housing-related aids. When it comes to work-related matters, active ageing is connected to unemployment, old-age, disability/invalidity risks and social assistance.

This report cannot tackle all aspects of active ageing connected to social protection. Considerations relating to the availability of MISSOC data as well as to the size of the report require that choices be made. Given that employment is a crucial question in Europe (the support of longer working lives is part of the European Employment Strategy, the Lisbon Strategy and Europe 2020), the topic of employment of older workers will be at the centre of the study.

Which aspects do active ageing policies in favour of older workers encompass? In connection with promotion of longer working lives, active ageing can be presented as the addition of policies relating to employability (vocational training, career advice, retraining, literacy skills, medical psychological assistance, working conditions, etc.), to assistance in the field of social integration and to social protection. Several disciplines (employment policies, law tools, psychology, education, etc.) are therefore combined for the purpose of promoting longer working lives; social protection is only one of them. There is a common denominator though between all active ageing policies related to senior workers, i.e. the idea that the person should be involved in the process of his/her stay at work or return to work.

The objective of the report, which evidently concentrates on social protection, is therefore to know how national social security/welfare institutions participate in the definition/implementation of policies promoting longer working lives. Contemporary social security and social assistance systems are less isolated from other public policies than they used to be. Social security and social assistance have indeed become part of a complex system designed to reach various other goals relating to employability, economic growth, public health, equal opportunity, social inclusion, etc. In this respect, ties between social security/social assistance and labour market are strong. Not only social security/social assistance guarantee a subsidiary income to persons who are temporarily out of the labour market or who are permanently unable to work, but they are also directly involved in the design of employment policies aiming to maintain older workers in the labour force. Furthermore, the structural and financial difficulties encountered by old-age pension schemes in Europe create a
strong convergence between social security and the objective of longer working lives: the necessity to increase the average retirement age is a key pillar for reaching such a goal.

The involvement of social protection tools in policies promoting longer working lives is, however, variable from one country to another. Active ageing policies in relation to longer working lives are indeed influenced by parameters which are relevant at national level (financial and demographic matters, unemployment rate, gender equality policies, public health goals, social inclusion, etc.). The structure of labour markets and of social protection systems, their history and background, cultural aspects together with the level of economic development have also an impact on the role of social security/social assistance in the implementation of active ageing policies.

Active ageing measures included in the report

In this complex environment where major questions are tightly intertwined, and in accordance with the broad WHO definition of active ageing transposed to social protection, the report will target two groups of older workers, those who have a job and those who are not working. The latter category will be interpreted *lato sensu* as including older workers who are granted incapacity/invalidity pensions or social assistance payments. The report will study national social security/welfare systems which objectives or effects are:

- to maintain at work older people who are already active;
- to facilitate back-to-work of older people who are excluded from the labour force, whether for a long or a short time.

As regards the age condition, there is no definition as such of persons subject to active ageing policies. The target of this report (which will refer to “older workers” and “older persons”) may be workers of age 50, 55, 60 or even more. For instance, Eurostat includes into active ageing policies people who are age 50\(^8\) whereas for tackling early retirement, the Commission focuses on people aged 55-64\(^9\). The concept of “older worker” is thus not precisely defined. The age floor may depend on national policies and/or to rights/benefits at stake.

As already announced, the study will focus on social security risks which have a direct impact on employment of older workers: old age, unemployment (and early retirement), incapacity/invalidity and social assistance. In particular, the report will examine measures for older workers which:

- combat overt or covert forms of early retirement,

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\(^9\) Commission Staff Working Document on the European Year for Active Ageing and Solidarity between Generations, see 3.1.1.
❖ support deferred pension,

❖ extend pensionable age and/or make it flexible

❖ facilitate back to work of jobless older people,

❖ allow for partial pensions and accumulation of pensions with earnings from work

❖ adapt unemployment/invalidity and social assistance benefits to encourage work of older people

Some of the measures falling within the scope of the report may be considered more as a duty than as an option which older people would be free to pick. Massive strikes across Europe against reforms of statutory pension schemes and legal fights concerning these reforms show that many European citizens disagree with the new “age conditions” for old-age pensions. Can rules imposed by public authorities be considered as active ageing policies? In this report, a positive answer will be given. In any case, the “compulsory/voluntary” delineation is not clear-cut. Furthermore, if the reforms have the effect of supporting active ageing (even if it is not their primary goal), they should be taken into consideration. For these reasons, any measures requiring or encouraging older people to retain their work or to go back to work will be discussed.

**Topics excluded from the report**

Since the report will focus only on social protection measures targeting individuals, it will exclude from its scope:

❖ Advantages to employers such as social security/tax exemptions or partial payment of salaries by public institutions. These measures would deserve a specific report based on comprehensive data which are not available

❖ Preventive measures aimed to protect the good health of workers. Such measures certainly contribute to stay at work or back to work of older workers, but the link is not as direct as it is with activating measures understood *stricto sensu*. Preventive measures lie on specific rules: they may be part of employment law or public health policies. In this respect, they are not at the heart of social security/welfare policies even if they would deserve a separate analysis.

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10 Strikes in Belgium in December 2011 and January 2012; Strikes of public sector workers in Slovenia in April 2012.

11 See the situation in Slovenia where a referendum of June 2011 rejected the reform voted by the Parliament.

12 For instance, individuals may wish to keep working longer and therefore may consider the rules on deferred pensionable age as an opportunity.
On the basis of the objectives and the scope of the report such as defined in the introduction, the report will analyse the functioning of old-age schemes in order to determine to what extent recent reforms have contributed to active ageing policies (I). Social protection offers other incentives for stay at work/back to work of older workers. They also deserve to be introduced (II).
Part I Functioning of old-age schemes

To what extent do pension reforms contribute to active ageing policies? The Open Method of Coordination aims, among other goals, at creating incentives to work longer\(^\text{13}\). This trend is visible inside national social security schemes.

Traditionally, two sets of social security measures may contribute to increase the proportion of older people among the working population: the rise of the average pensionable age (Section 1); the right to aggregate earnings from an old-age pension and from a job (Section 2).

Section 1 Rise of the average pensionable age

The recent evolution of pension schemes in Europe show that there are two ways of raising the pensionable age, one is based on compulsory measures and one depends more on incentives. The conditions of entitlement of an old-age pension can indeed be made tougher by the rise of the pensionable age (§1) whereas the conditions for granting a pension may also be modified with a view to encouraging workers to postpone the moment they decide to claim their old-age pension (§2).

§1. Compulsory measures: the rise of the statutory pensionable age

One common objective of pension reforms is to make pension schemes sustainable\(^\text{14}\) (A). Methods used to reach this objective through the increase of the pensionable age are variable (B)

A. Background: sustainability of pension schemes

Promoting longer working lives is a common objective for all pension schemes in Europe. In order to make pension schemes sustainable in the long term, European countries usually consider that it is necessary to implement measures connecting contributions and benefits more closely on the one hand and life expectancy and the retirement age on the other hand.

The step toward sustainable pensions includes the drawing of stricter conditions of eligibility. The increase of the statutory pensionable age can be considered as the most radical aspect of the reforms. Indeed, whereas other measures provide an option to insured persons (working longer for a higher a pension or retiring younger for a lower pension: see §2), the change in pensionable age applies mandatorily. It may also have an indirect impact on conditions of access to early retirement (see part II).

\(^{13}\) The employment rate among older people (age between 55 and 64) should have reached 50% by 2010.


Document available at: ec.europa.eu/missoc and missoc.org
B. Variety of reforms increasing pensionable age

According to the MISSOC data, the standard age of statutory retirement usually does not go below age 60 except in some countries (SI) or in specific circumstances. Almost all countries provide statutory retirement between age 60 and 65. In some countries, the age is/will be set at age 67 (DE, NO, IS) or 68 (IE). Even if reforms carried out are specific for each country, similar trends can be observed.

- Most countries have preferred a **progressive increase of the statutory retirement age** instead of brutal and immediate changes which might also be against fundamental or constitutional values (SI). However, the question as to how long/short this progressive period can be remains open. Many countries chose to implement their reforms over a long period of time: from 2012 to 2029 (DE), from 2010 to 2022 (HU), from 2011 to 2030 (RO). The reform setting the pensionable age from 65 to 67 will be completed in 2027 (ES). Other countries announce that the reform will be completed by 2028 (IE) or by 2025 (NL). Some countries have planned their reforms over a very extended period of time: whereas the age of 66 should be reached by 2020, another increase to age 68 is scheduled by 2046 (UK).

Some other countries implement their reforms more quickly: five years (2011-2016: EE) or by 2014 (SK). The reform started in 2010 will be fully applicable in 2018 (FR). Quick reforms do not exclude additional reforms (EE).

The age of entitlement may differ from the age where the pension is granted. Employees receive their pension 12 months after they are entitled to it (IT) which seems to be, de facto, a way to raise the retirement age.

- When national rules were/are providing for a different pensionable age between men and women, some countries use the opportunity of structural reforms to start a process of **equalising the pensionable age between genders**. It means that in these countries – where the pensionable age for women is lower than for men – the reforms have a stronger impact on women. Since women usually have shorter insurance records and lower salary averages than men, debates have taken place on how to take into account or to compensate for the actual career pattern differences between genders.

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15 58 is the standard pensionable age (for workers with at least 40/38 years of pensionable periods).
16 Specific pensionable age for women, for pensioners who had difficult working conditions or a very long career.
17 Another raise has been decided: from 63 to 65 by 2026.
18 Let us recall that the Court of Justice ruled in a case related to a civil servant pension scheme granting advantaged to mothers having raised children that «the situations of a male civil servant and a female civil servant may be comparable as regard the bringing-up of children. In particular, the fact that female civil servants are more affected by the occupational disadvantages entailed in bringing up children, because this is a task generally carried out by women, does not prevent their situation from being comparable to that of a male civil servant who has assumed the task of bringing up his children and has thereby been exposed to the same career-related disadvantages» (Case C-366/99, Griesmar [2001]).
For instance, whereas the pensionable age was 63 for men and 60 for women, it will reach age 67 for both genders in 2021 (BG). Whereas in 2011 men reached pensionable age at 63 and women at 61.5, the age (65) will be equal in 2026 (EE). A country provides for the progressive increase of age limit for women until the same retirement age as for men will have been reached between the years 2024 and 2033 (AT). An identical age will be reached in 2020, 10 years after the process of equalisation will have started (UK).

In some other cases, the gender gap removal is based on the insurance date: for persons insured before January 1993, the pensionable age is 65 for men and 61 for women; for persons insured after this date, the pensionable age is 65 for both genders (GR).

Finally, some countries maintain the principle of an age difference but they reduce the gap between genders (CZ19). It would also be interesting to explore if and how the status of widows/widowers is changing since in some countries they are/were entitled to an old-age pension at a younger age than the standard pensionable age.

- The pensionable age increase may not be identical for all insured persons of the same country.
  - The pensionable age increase can depend on the family situation. The retirement age is gradually increased from age 62 to age 64 for women with two or more children (if born after 1968) (CZ).
  - The age increase is often related to the birth year. Whereas the oldest insured persons are not affected – or marginally – by the reforms, younger persons are subject to dramatic changes. The changes usually apply to persons who were already insured at the time of the reform. In one country for instance, pensionable age is higher for persons born after 1963, whereas the reform applies only to persons born in 1947 and after (DE). Where the pensionable age is also higher depending on the birth year, several categories are defined according to the birth date (MT).
  - The age increase may depend on the date of insurance. The increase (of four years) may apply only to women who have been insured after 1 January 1993 (GR).

- Whereas some countries are retaining the mandatory retirement at a certain age20, some of them have gone very far by abolishing the statutory retirement age. This element of flexibility is part of a reform insisting on the links between the contributions and the pension. These countries define a

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19 The current age difference (almost six years between men and women) will eventually come down to a maximum of three years.

20 See the case law of the Court of Justice which does not consider compulsory retirement clauses as a discrimination upon age. For instance Case C-411/05, Palacios de la Villa [2007]. This question is to be considered as an employment law question. It will therefore be excluded from the scope of the report.
minimum retirement age but it belongs to the person to decide when to take up a pension after meeting the minimum conditions (see below §2).

§2. Incentive measures: the gradual rise of the average age of effective pensionable age

Besides measures aiming to reduce access to early pensions or to early retirement schemes\(^\text{21}\), national schemes use the method of calculation of old-age pensions to encourage older citizens to retain their job even if they are already entitled to a pension. Two sources of incentives are applied: through rules of entitlement/calculation of a pension (A); through extra advantages for deferred pensions (B).

A. Rules of entitlement/calculation of a pension

It may be seen more efficient – and also more compatible with the right for persons to choose – to increase the pensionable age indirectly. This result can be reached by linking the pension amount and the periods of insurance accumulated more tightly. Insured persons are subject to a choice: either they retire and receive a lower pension or they stay at work (or go back to work) in order to be granted a fuller pension later. Several methods are used; countries may apply them simultaneously. Some methods consist in mere adjustments of existing pension schemes and therefore do not affect their foundations. Alternative methods are based on structural reforms. Some changes impact the entitlement; some others modify the calculation method. Beyond this first attempt of classification, five major techniques are used by countries to increase the length of professional careers and the effective pensionable age:

- A traditional technique shared by several countries deals with the **extension of years of contribution**. This technique has the advantage to preserve the foundations of the retirement schemes concerned. This increase of years of contributions is a general trend in Europe. In one country for instance, the most recent reforms have increased the amount of periods of insurance required for a full pension (up to 42 years when the reform is fully applicable); for those who retire without a full record, the pension is decreased by a certain percentage depending on the missing periods of insurance (FR). A similar system applies in other countries (ES). A full career may go up to 45 years since 2009 for both genders (BE). Where pension amount depends on the accumulation of points, the number of points necessary to get a full pension may have been increased (BG).

An alternative method consists of increasing the amount of periods of insurance required to be entitled to a pension (CZ\(^\text{22}\)).

**Access to a full pension**, where it exists, has been made tougher. If we compare 2005 and 2011 MISSOC tables, it appears that some countries have

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\(^{21}\) See below part II.

\(^{22}\) By 2026, the number of insurance years will have gone up by 10 (from 25 to 35 years).
modified the rules applicable. In France for instance, as already said, the periods of insurance required have inflated. More significantly, in several countries (CZ, DE), the concept of “full pension” has been removed. This is an incentive to stay at work by increasing the link between the insurance record and the pension amount. In some cases, the elimination of the concept of full pension is the consequence of the change of nature of the old-age scheme\(^{23}\).

- The same result – extension of actual periods of insurance – is reached indirectly with structural reforms leading to a **switch from defined benefit (DB) to other types of pension funds.** The introduction of notional defined contribution schemes or defined contribution schemes in several countries (among others: HU, IT, SE, EE, SK) shall have the effect of increasing the actual periods of insurance completed.

- If we go back to methods which do not affect the foundations of retirement schemes, it is also possible to encourage longer periods by **increasing the reference period over which salaries are taken into account** for the calculation of the pension. Many countries have chosen this option which encourages workers to stay at work since, in general, salaries are higher at the end of the career. For example, the reference contribution period may have moved up from 15 to 40 years (AT, PT). In one country, the average salary is now based on the “best 25 years” of activity, whereas it used to be calculated on the basis of the “best 10 years” before 1993 (FR – see also SI: from 10 best years in 2000 to 18 years). Sometimes, salaries received after a certain age are more valued for the calculation of the pension so that workers are encouraged to stay at work (FI\(^{24}\)).

A close technique to disincentive retirement is a change in the method of re-evaluation of past salaries: tighter rules lead to longer periods of work/insurance.

- **By requiring longer minimum periods of insurance,** some countries strongly encourage workers with incomplete careers to stay longer at work. 15 years of insurance is necessary in some countries to be entitled to a pension (BG, SK, SI). Older workers with huge gaps in their career must stay at work or go back to work if they want to receive a pension. This situation may mainly concern women.

- Some countries have chosen a **flexible system of pensionable age:** after they reach a minimum age, workers are free to retire when they decide, but the pension amount will be directly connected to the insurance periods. There is therefore no defined pensionable age as such, only a minimum pensionable age. In other words, pension amounts are based on lifetime earnings: the longer the person works, the higher the pension will be (FI, NO, SE).

\(^{23}\) This is the case, in particular, for countries which have abolished the statutory retirement age.

\(^{24}\) Higher accrual rates are granted between age 63 and 68.
B. Extra advantages for deferred pensions

A minority of countries prohibit the deferment of pensions. According to the MISSOC tables, only four of them (NL, LU, IE, BE) do not allow the deferment after pensionable age is reached. Among countries which provide a system of deferment, some allow for an unlimited right to postpone the payment (DE, LV); some others set a time-limit. The limit can correspond to a period of time after pensionable age 25 or to an age limit26.

Deferment systems converge to encourage older workers to postpone their retirement. In order to reach this result, various mechanisms have been built:

- Some countries grant a **bonus to late pensioners**. The bonus can take the shape of an increase of the pension which depends on the length of time of deferment (CH, DE, CZ, EE, CY). The increase can be a flat rate27 or is calculated with reference to actuarial factors (DK, LI28). The use of actuarial factors emphasises the link between the length of the career and the pension amount. In countries where retirement age is fully flexible, the objective is to encourage older people to stay at work in order to increase the pension amount. The increase might stop when the older worker reaches a certain age (GR, SI). It may be also limited when it reaches a certain amount29 or it may decrease after a certain age. On the contrary, the increase can be higher for persons who keep working after completing a certain number of years of activity (ES) or for workers who have accumulated more insurance years (PT).

- Some countries proceed to the **removal of penalties applicable to workers who would have not been entitled to a full pension** if they had retired at the pensionable age. Deferment allows reception of full payment when the person agrees to work until a certain age (FR).

- In few countries though, **deferment may not lead to an over-proportional pension**. The incentive to defer pension may come only from the fact that the pension will be calculated on the basis on extra-contributions and on (supposedly) higher salaries (MT).

Section 2 Accumulation of job income and old-age pension

A European report concluded that “the final general trend is that of policy reform that aims to facilitate the combination of employment with the drawing of a pension”. The authors added that “However, the idea of a progressive transition into retirement has

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25 Up to five years in Switzerland; 120 months in Denmark.
26 65 in Italy; 68 in Greece; 70 in Iceland.
27 8% for each full year of deferment in Luxembourg; 0.5% in Romania.
28 Increase is between 5.22% for a deferment of 1 year and 40.71% for a deferment of six years.
29 In Iceland, the maximum increase is 30%.
still to gain practical significance. The conclusion of this report, issued in December 2005, is worth being assessed in 2012 in light of the data provided by European countries.

A consequence of the reduction of the average old-age pension amount should be the right for older workers to find alternative financial resources. This is also a chance to stay longer in the job market. At the same time, the right to aggregate work income and an old-age pension (§2) raises the question of the evolution of nature and goals of the latter. The same question arises when it comes to partial retirement mechanisms which allow for the accumulation of job income and an old-age pension (§1).

§ 1. Partial retirement

Prima facie, partial retirement systems are not high on the agenda of countries included in the MISSOC database: 21 of them do not specify any partial retirement rules. Even if this conclusion must be moderated by the fact that most countries now provide a system of accumulation of a job income and an old-age pension (see below §2), it remains interesting to describe rules applicable where partial retirement is known.

- Most countries provide simple rules which cover a broad scope of potential beneficiaries. The goal is to create an overall incentive for accumulation of pension and work. For example, as soon as the person has reached the statutory pensionable age and has accumulated enough periods of insurance, it is possible to continue or to take up a part-time activity and to receive payment of part of old-age pension (FR). The higher the part-time activity, the lower the partial pension served. The continuing activity is taken into account for the calculation of the pension which will be granted after the person ceases any professional activity. In another country as well, the old-age pensions can be claimed as a full pension or as partial pension according to various proportion rates: 1/3, 1/2 or 2/3 of full pension (DE). An equivalent method (with a variable pension rate) applies in other countries (NO, SE). This is consistent with the choice made by these countries of a flexible pensionable age.

- Some countries require a significant reduction of the working time. The beneficiary, who must be in an age bracket (60-65), must reduce the number of working hours by at least seven hours or by one quarter (DK). Working hours may have to be reduced considerably and the income as well (FI). Similarly, an insured person who fulfils the conditions for entitlement to an old-age pension may acquire the right to partial pension if he/she is employed on a half-time basis at most. Partial pension is equal to half the old-age pension to which he/she would have been entitled had he/she fully retired (SI).

31 As a result of new methods of calculation of pensions.
In other countries, not all insured persons are eligible to a partial pension. A target group is defined. The goal can be to facilitate access to work for workers who are in a precarious situation. Partial retirement is open only to unemployed persons who take up a job or to persons who conclude a fixed-term contract. The part-time jobs must be between 25% and 75% of the full-time jobs. The pension is reduced in due proportion. When the person fully retires, the complete pension is granted. Its calculation incorporates the contributions of the part-time activity (ES). Partial retirement may be possible if a replacement contract is concluded with a younger worker (NL).

Partial retirement may correspond to a system of advanced pension. The remaining part can be claimed later (LI).

§2. Rules providing for the accumulation of job income and old-age pensions

For many pensioners with incomplete careers – due to periods of inactivity and/or to tighter conditions of access to an old-age pension - the average pension amount is low or not sufficient to maintain the past standard of living. The extension of the right to accumulate the pension and job earnings is one way to address these matters. Looking back at previous MISSOC reports, it is interesting to observe a growing awareness in favour of the accumulation of a job income and old-age pension (A). Methods applied by countries are diverse (B).

A. Growing awareness about the right to accumulate job income and old-age pensions

According to the MISSOC data, the right to accumulate a job income and an old-age pension is permitted by a vast majority of countries. Only one is reported as excluding the accumulation by providing the suspension of the pension when earnings from a job are received (ES). In some countries, retirement from work is a condition for receiving a pension (SI32). The comparison between past MISSOC tables leads to the following conclusions concerning the evolution of the country policies:

- A significant number of countries provide for an unlimited accumulation of job income and old-age pension. Whereas 10 countries expressly reported in 2004 that a full accumulation was possible, they were 14 in 2011.

- Many countries have made the accumulation gradually easier. This trend is visible between 2004 and 2007. Where full accumulation was already allowed in 2004, it remains. Among countries which subject the accumulation to conditions, 2007 data show that if some of them continue to apply the same method and the same figures/ceilings, others have facilitated the aggregation of both sources of income. Changes in the rules applicable may be done without affecting the overall method. For instance, the job earnings ceiling above which a full accumulation or accumulation is forbidden may have been raised at a higher rate than inflation. Changes in the rules applicable may also

32 Except in case of partial pension.
be more radical and may result in a change of method. For example, when a country used to make the accumulation subject to the overall income not exceeding a certain amount, the accumulation may have become unlimited. At least three countries have gone toward this direction.

B. Overview of the accumulation methods

Half of the European countries concerned offer an unlimited accumulation. For other countries, it is possible to classify the criteria used.

- Some countries refer to criteria based on the income received. A first way for reaching this aim is to watch the total income: the accumulation is made possible without restriction as long as the overall income does not reach a certain ceiling (IS) which may be increased if the pensioner has a dependent child. A second way looks at the work income: if the job earnings exceed a certain ceiling (DE, DK), the pension is either reduced or suspended. The ceiling may be set at various levels: from a very low income to an average salary for the country or even more. A group of countries may reduce the pension for the sole reason that the pensioner is working (LT).

  The accumulation may also be not only reduced but forbidden when the pension amount is over the average earning (RO) or when the earning is over the minimum wage (SI).

- Some countries may also link the right (or not) to accumulate (or the conditions of accumulation) with some temporal elements: the age of the person or of the partner (accumulation is made easier after a certain age is reached), the date the job is taken up (GR), the birthdate (GR, MT).

- Some countries set other specific criteria. For instance, the accumulation with earnings is not possible if the pensioner continues to carry out an activity which gave entitlement to superannuated pension (EE).

- The accumulation of both sources of income may be stimulated by mechanisms which focus on the pension increase during the period of accumulation. In principle, the pension amount keeps growing since the person pays contributions for his/her activity. The increase might however be more favourable in some countries. For example, if a person continues to work after the pensionable age, the pension increases much faster than during the years worked before pensionable age (CZ). Contributions may be credited to a special increased insurance fund (AT).

- The accumulation of earnings and an early pension is sometimes permitted. The condition for such an option may be that the earnings do not exceed a certain amount (DE) or result from an occasional or non-significant activity (LU). Early pensioners staying at work may be obliged to keep paying contributions (CY). Other countries expressly refuse the accumulation while the person is receiving an early pension (MT).
Part II Other incentives for stay at work/back to work of older workers

In the 1980’s, public policies started to consider that social security benefits could be a way to tackle mass unemployment by encouraging persons who were not entitled to an old-age pension yet to withdraw from the labour force. “Substitute benefits” were provided until the beneficiaries would reach the pensionable age. Such exit routes from the labour market result in two categories of substitute benefits: those provided by early retirement and those granted by invalidity/incapacity schemes. Social assistance measures may have also encouraged older workers to withdraw from the job market.

Statistics indicate that, in many countries, the average “exit age” was significantly lower than the statutory retirement age. According to the same statistics, the discrepancy has been reduced over the last few years: the effective retirement age has definitely gone up. The exit routes are becoming less popular among European countries.

This trend may be a consequence of the Lisbon Strategy which defines a comprehensive policy to promote the employment of older workers. In line with a process of change, the Commission “encourages public authorities and stakeholders at all levels to develop policies further to reduce early exit from the labour force through specific measures”.

How and to what extent have Member States modified their social security/social assistance policies in order to block these routes and to support activity of older people? One response provided is the progressive neutralisation of early retirement schemes (Section 1). Countries have also designed additional social security policies which aim older workers to stay at work or to return to work (Section 2).

Section 1 Progressive neutralisation of early retirement schemes

Even if the reduced access to early retirement schemes is principally motivated by financial arguments, the impact of such reforms is to facilitate the stay of older people at work and to encourage their back to work. The progressive elimination of these schemes needs to be described (§1). In addition, the scope of the remaining early retirement schemes/benefits has been reduced (§2).

§1. Phasing out of early retirement schemes

Early retirement schemes have been very popular in Europe for reasons which may be very different from one country to another. It is interesting to observe though that for

financial matters mainly, countries have simultaneously chosen an attitude of distrust toward these schemes/benefits (A). They have had recourse to two main techniques to eliminate them (B).

A. From popularity to distrust

A 2005 report stated that “An early retirement culture persists in most countries. It is a lengthy and troublesome political task to move retirement preference into the opposite direction”35. Nevertheless, more recent studies stress on the fact that postponing retirement has become a core objective of pension reforms36 which should go against the fact that “Companies, trade unions and employees have colluded in the perpetuation of a system where 55 has become the normal age for definitively leaving the labour market”37.

Early retirement benefits/schemes have indeed been widely spread in Europe. There are many reasons which explain their popularity. In some countries, benefits granted were substantial and sometimes related to the family situation (right to retire early connected to the fact of having raised children) which explains that the early retirement age could differ between women and men. Early retirement schemes have also been a leverage to reward employees –mainly men – with a long insurance record. Early retirements could also help persons with low income receive a “social income”.

In the western European countries, in a context of persistently high unemployment rates, early retirement was a popular technique based on the assumption that it would facilitate access to the job market of young workers. Several studies have been able to prove this assumption wrong38. The diversity of objectives is combined with the multiplicity of institutional actors: if many schemes/benefits were falling within the scope of social security institutions, they have been also developed by companies unilaterally or in the context of collective agreements. For employers, early retirements were an instrument among others to adapt the labour force to their needs. The development of early retirement company policies has usually been made possible with public financial aid.

35 “Overcoming the Barriers and Seizing the Opportunities for Active Ageing Policies in Europe – Active age”, op. cit.
The period of popularity of early retirement is over. According to statistics, 17 countries recently reformed their system of early pension\(^{39}\). The goal of these reforms has been to eliminate those schemes or to discourage workers to take advantage of them. There is a global agreement among countries to prevent workers from retiring earlier than the statutory pensionable age. Data reveal that, in general, access to early pension is made tougher in Europe\(^{40}\).

**B. Techniques used to phase out to early retirement /benefits schemes**

The increase of the statutory retirement age may indirectly impact the average early retirement age. Early retirement is indeed a relative concept: it is with respect to the pensionable age that it must be looked at. For instance, where statutory age has gone up from 62 to 67, age 62 may now be the early retirement age whereas it used to be the statutory age. In other words, the concepts of early retirement and statutory retirement should not hide the main question which is the average effective retirement age.

More directly, several techniques are combined to eliminate or to reduce the scope of early retirement/benefits schemes. They can be divided into two categories:

- A minority of countries (NO, UK, IE, SE, NL) have **banned all forms of early retirement**. The fact that some of these countries provide a pension scheme where retirement age is flexible can explain this choice. An early retirement age is inconsistent with such schemes.

- Many countries **exclude the right to retire for persons who are younger than an age ceiling**. The age ceiling is variable between countries. The minimum age for early retirement may be dependent on the following criteria (sometimes combined):
  - gender (women may have access to early retirement at a younger age than men);
  - statutory retirement age (early retirement is possible from a certain number of years before the statutory retirement age);
  - birth year
  - family situation (whether the person has raised or not children)
  - health state (early retirement age may be lowered for persons having work in tough conditions or subject to illnesses)
  - career record (long careers may open more easily to early retirement)
  - economic difficulty of the employer
  - status of unemployed person

**§2. Reduced scope of remaining early retirement schemes**


\(^{40}\) See Table 8, in *Assessing the short-term impact of pension reforms on older workers' participation rates in the EU: a diff-in-diff approach*, op.cit.
Despite the phasing out process presented in the former paragraph of this report, many early retirement schemes remain applicable in Europe. Where they are still practiced, conditions of access have been tightened (A) and benefits have become less attractive (B).

A. Tighter conditions of access

Most reforms in European countries aim to make it tougher for workers to retire early. Methods used to narrow the scope of potential beneficiaries are variable.

- Access to early pension may be dependent on a very long career record which, in practice, makes it very difficult to claim an early benefit. For instance, a 35 year-long career may be required (BE), 36 years (IT), 30 (LT, PL), 40 years (MT, SI), 45 years (AT).

- Time gap between early retirement and statutory retirement can be small. In some countries, early retirement is open only one, two years (CH, HU, SK) or three years (CZ) before the statutory pensionable age.

- Early retirement pensions may target persons who have been unemployed for a certain period of time. For instance, claimants must have been unemployed for 52 weeks after reaching the age 58.5 (DE).

- Early retirement pensions may be reserved to certain categories of persons: e.g. disabled, unhealthy, persons qualifying for an invalidity pension, persons wrongfully imprisoned, persons with low income.

- Early retirement pensions can be provided only if they reach a minimum amount, which will depend on the claimant’s career record. For instance, the minimum amount to qualify for an early pension is 20% higher than the minimum income (SK).

B. Less attractive benefits

In some countries, early pensions are still not subject to financial penalties. This privilege may apply to all persons eligible to early retirement (BE, HU, LU). It is sometimes reserved to categories of persons who have worked in some sectors of activity (IS\textsuperscript{41}), who pre-retire due to economic difficulties of their employer (IT), who are disabled (FR), who have raised children (SI) or taken care of dependent persons or who have very long careers. In any case, persons who retire earlier may be at a disadvantage: by interrupting their activity, they cease to accumulate periods of insurance and therefore may receive a lower standard pension than if they had stayed at work.

\textsuperscript{41} Seamen.
About half of the countries have included financial penalties as a disincentive to claim an early pension. In these cases, early retirement is made clearly less attractive. Disincentive methods used are variable:

- The principal method consists in cutting the pension proportionately to the length of anticipation. For instance, the pension can cut by 6.8% per year of anticipation (CH). The earnings-related amount of pensions can be reduced by 0.9% to 1.5% per period of 90 days of anticipation (CZ), by 0.3% per month of anticipation (DE), by 0.3% per month of anticipation (EE). 0.25% can be removed from the pension for one month of anticipation and 16.5% for four years (LI). A maximum reduction rate can be set (AT).

- The reduction rate may be dependent on the career record: the longer the career, the lower the reduction.

- The reduction can be calculated according to the age of the person at the time of the early retirement (FR)

- The reduction can be a flat rate: The early pension may correspond to 50% of the standard pension (LV)

- The reduction rate may depend on the status of the person. For example, workers who worked in tough working conditions take advantage of a lower reduction rate than standard workers (AT). The reduced rate may not apply to unemployed persons (PT).

Is early retirement compatible with earnings from work? It is not always specified. It may be required that the person is out of the job market to receive an early pension (SK, MT).

Section 2 Alternative policies for stay at work/ return to work of older people

Most active ageing policies in the field of social security concern the old-age risk (including widowhood). Alternative actions may also be built up in the context of unemployment and invalidity risks.

Early exit from the labour force may concern older people with reduced working capacities. It is interesting to assess how active ageing policies have influenced the way this matter is addressed by national social security schemes (§1). In parallel, social security reforms show that older unemployed workers (with full working capacities) are encouraged to return to work (§2).

§1. Older workers with reduced working capacities

How are early exit from the labour market routes narrowed or even blocked? Recent national reforms limit the access to social security “market exit” policies based on
disability, sickness and incapacity benefit schemes\textsuperscript{42}. Rehabilitation policies enhance this trend (A). The right to accumulate incapacity/invalidity benefits with earnings from work (B) is also a good way to facilitate the activity of older people.

A. Rehabilitation policies

Rehabilitation is a goal set by various ILO conventions. For instance, ILO convention C121 provides that “[e]ach Member shall, under prescribed conditions, provide rehabilitation services which are designed to prepare a disabled person wherever possible for the resumption of his previous activity, or, if this is not possible, the most suitable alternative gainful activity, having regard to his aptitudes and capacity”. ILO convention C159 on Vocational Rehabilitation and Employment (Disabled Persons) states that “[e]ach Member shall, in accordance with national conditions, practice and possibilities, formulate, implement and periodically review a national policy on vocational rehabilitation and employment of disabled persons”. These policies “aim at ensuring that appropriate vocational rehabilitation measures are made available to all categories of disabled persons, and at promoting employment opportunities for disabled persons in the open labour market”\textsuperscript{43}.

Whereas in many European countries, social security schemes used to be limited to the distribution of cash benefits and sickness benefits in kind (reimbursement of medical costs), recent types of actions have incorporated new services into social security packages. Rehabilitation measures in favour of persons with reduced working skills belong to those new social security territories. As it is stated in an ILO report, “in advanced economies, there is an increasing tendency for social security institutions to take on greater responsibility for developing certain rehabilitation services”\textsuperscript{44}. These services directly concern older workers (even if they usually do not constitute a specific target). A vast majority of European countries apply such measures. Even though there is a wide range of policies inside Europe, some tendencies appear.

- **Rehabilitation measures** can be classified into three groups. First, they may refer to medical initiatives. For instance, they cover treatments in sanatorium (BG), in balneotherapy institutions (CZ). Programmes must be granted a prior accreditation by the social security institutions. Secondly, rehabilitation may be linked to social, educational and psychological measures: access to special transportation, home adaptation, vehicle adaptation, third person assistance (EE, LT SK, CH). Finally, rehabilitation is also done through vocational training measures, whether the goal is to retrain the person for his/her habitual occupation or to train a person for a new occupation adapted to his/her physical/mental situation (ES). This may include support to business start up (NO). As we will see further, attempt of rehabilitation may be a prior

\textsuperscript{43} See also conventions C128 (Invalidity, Old-Age and Survivors' Benefits Convention) and C102 (Social Security - minimum Standards) Convention which mention rehabilitation as well.
\textsuperscript{44} “Vocational rehabilitation and employment of disabled persons”, 1998, ILO, pp.73.
condition to receive an invalidity pension; rehabilitation measures may also have to be completed before such an entitlement.

- For the access to rehabilitation measures, **doctors and other experts play a key role.** They are usually involved in the decision to provide rehabilitation services. They may have the power to assess the degree of health damage, the occupation in which the person is able to work, the degree of rehabilitation and direction and duration of rehabilitation (HU). When rehabilitation measures depend on the evaluation of the necessity of the treatment of a chronic disease or if there is a need for the healing process (CZ), doctors are at the centre of the whole process. The deductible\(^{45}\) can depend on the recommendation of the patient’s physician (CZ).

- **The source of incapacity/disability** is not stressed by national reports. It goes along with the current trend which does not make a direct link between the reason of the inability to work and the right to access rehabilitation measures. In most countries, the needs for rehabilitation prevail over the origin of the inability. With a few exceptions, rehabilitation measures are not reserved to victims of accident at work or occupational diseases. However, when the state of incapacity comes from a professional cause, the person might receive a better financial protection. Indeed, a majority of European countries allow for a full and unlimited accumulation of work income and social security benefits. Based on the MISSOC data, 17 countries opt for this possibility. Also, when the state of incapacity lies on an occupational ground, all costs related to retraining/rehabilitation might be better covered by public institutions.

- **How do rehabilitation measures interact with social security benefits?** In general, beneficiaries are granted a daily cash benefit for the rehabilitation period (BE), in full (SI) or partial (SE). They may receive a supplementary benefit (DE, FI) or an alternative benefit if the invalidity cash benefit has expired (NO). The rehabilitation allowance may be at a higher rate than the pension (FI) which is a strong incentive to carry out rehabilitation measures. Cash benefits may be dissociated from rehabilitation measures: whereas cash benefits are usually provided by social security institutions or sometimes by social assistance (IS), rehabilitation measures can be supported by local authorities (EE, IT). In some cases, social security institutions also cover the cost of rehabilitation measures (CY).

- **The principle of “Rehabilitation before pensions”** is essential in some countries (LI, AT, FI). There, an invalidity pension is granted only if rehabilitation cannot be achieved (DE). Access to invalidity/incapacity pension may be conditional upon completion of retraining / rehabilitation measures (LU, NO). The rehabilitation plan may be subject to an agreement by the beneficiary (HU). More rarely, rehabilitation measures are activated only after the person is no longer eligible to sickness benefits in cash (PL).

\(^{45}\) Part of the final costs left to the insured person.
A less usual way to encourage activation is to offer a **financial support to companies who agree to hire persons with reduced capacities**. The social security competent institution will refund part of the salary paid; the person will continue to receive part of his/her invalidity pension (IS). This system might be focused on older workers (NL).

**B. Accumulation of incapacity/invalidity benefits with earnings from work**

Is it possible to aggregate income from an invalidity/incapacity pension and from a job? Countries can be classified into three groups:

- The first group covers **countries which allow for unlimited accumulation of these two sources of income** (BG, LT, SK, LV, CZ).

- The second group concerns **countries which do not allow the accumulation at all**. It is interesting to note than in 2004, six countries used to belong to this group. In 2011, three of them had changed the applicable rules and allow for a partial accumulation. For those which still do not grant the right to accumulate, the idea is that the payment of an invalidity/incapacity pension requires a full incapacity (IE). Some countries differentiate invalidity and incapacity pension: whereas the former one can be partly cumulated, the latter one cannot (IT). Some countries do not allow the accumulation with the social security benefit but the person is provided in lieu an assistance allowance (SE).

- The third group comprises the majority of countries, those which **subject accumulation to conditions and limits**. They may be based on a **maximum overall income**: when the total income is below, the pension is granted in full (AT, PL); when it is above, the benefit is reduced in due proportion or suspended. Several techniques are applicable in this respect:
  - The amount of the daily benefit granted must not exceed the daily amount which would be allocated if there were no accumulation (BE).
  - The pension is reduced or suspended if earnings exceed a ceiling which is variable: it may allow for a substantial activity or for a marginal one (DE, GR, UK, LU, IS).
  - The pension is suspended if the earnings are over 130% of the national average wage (PL) or 40% of the pensionable salary (FI). Pension is served to those whose salary or income is at least 30% less than the monthly average of their salary or income in the last four months before the damage on health occurred (HU).
  - The pension is suspended if, together with the salary received during two consecutive quarters, they are greater than the average quarterly salary for the last calendar year before stopping work prior to invalidity (FR).
  - The sum of the pension and the income from work must not exceed the income from work before the disability occurred (NO).
The pension reduction may depend on the past insurance record of the person (PT) or on the type of job resumed (RO).

Another type of conditions and limits is based on the degree of work incapacity. For instance, a person who is no longer capable of working full-time is entitled to a full pension after a certain age is reached and the partial payment of an invalidity pension is possible (SI). The accumulation of the pension with earnings from work may be possible as long as this invalidity income does not make the degree of invalidity sink below 67% or 50% or 40% (LI). The fact that the work income goes above a ceiling may lead to the reduction of the invalidity rate and, therefore, to the pension amount.

If we compare the available 2004/2011 data, there seems to be a modest trend for a wider simultaneous access to an invalidity/incapacity pension and work income. The most visible evolution concerns the countries which deny accumulation (see above). In countries where accumulation was already subject to limitations, the same rules and ceiling amounts (notwithstanding inflation) continue to apply in most of them. Few countries seem to have made rules of accumulation more flexible (NO) or allow for a full accumulation (CZ).

§2. Return to work of older unemployed

Several countries have been tempted to exclude from the labour market older workers by granting “transitory” unemployment-related benefits allowing them to wait until they reach pensionable age. Are these systems still popular? (A) Concerning social assistance provided to unemployed workers. It is also interesting to see how entitlement rules interact with active ageing policies (B).

A. Extended unemployment benefits

Twelve countries at least report that there is no specific measure for older unemployed persons. However, 2011 MISSOC data show that some countries continue to provide for the extension of unemployment benefits. Three techniques are reported:

- The main method is the extension of the period during which the beneficiary is entitled to unemployment benefits. In this respect, very few countries expressly continue to award unemployment benefits until pensionable age. Most of those extending the entitlement to unemployed benefits set various limits.
  - The person can be granted extra days/months of allowances which, depending on the personal situation of the beneficiary, may not be sufficient to wait until pensionable age (from two months to one year see HU, LT, EE, SI).
  - The benefit extension can depend on the person’s insurance record or previous years of employment (GR, LI, DK, AT).
  - The benefit extension may depend on the age of the beneficiary: it can be 49 (GR), 50 (LI), 57 (FR), 60 (DK, CY)
The benefit extension may be reserved to those who are the least employable on the job market (CH) or, on the contrary, to those who are capable to work (AT).

- The second one is the maintenance of benefits under a pre-retirement scheme. This matter has already been presented\(^{46}\).

- The third one consists of ensuring the continuity of unemployment benefits through social assistance measures. The unemployment benefits may be granted at a reduced rate which can be corresponding to a “social minimum rate” (NL). A special benefit, the job seeker aid for older persons”, may be granted (HU).

If we analyse the national systems from a historical perspective, a comparison with MISSOC data from 2004 reveals that, since then, a significant number of countries abolished their system of extended unemployment benefits (FR\(^{47}\), FI\(^{48}\), IE, HU, DE). Combined with the phasing out of the early retirement schemes and the restricted access of the remaining schemes\(^{49}\), there is a clear tendency toward a full assimilation of older unemployed persons to any unemployed person.

### B. Social assistance and older unemployed workers

Many European countries include into their system of social assistance a guaranteed minimum income. With regard to active ageing policies, four tendencies come out:

- A minority of countries consider that older workers should not be treated like other workers concerning the work research/activation measures. For example, persons capable of work must be willing to perform reasonable work with the exceptions of men over the age of 65 and women over the age of 60 (AT). The exemption from participation to the reintegration programme and from registration to the job centre is set at 65 (PT, CZ).

- Some countries consider that older workers may be subject to less stringent requirements. For instance, they may not have to register as job seekers after reaching a certain age and are not subject to the rules concerning the refusal of proper job offers, but they are subject to other requirements (HU\(^{50}\)).

- However, in most cases, when the payment of the allowance is made conditional upon a requirement of job search or retraining/activating measures, no specific rule for older unemployed persons are required. Some countries may even expressly subject all persons from age 18 to pensionable age to the same requirements regarding the positive actions toward regaining a

\(^{46}\) See above, Part II, Section I.
\(^{47}\) No new beneficiary as of 1 January 2011
\(^{48}\) The extended unemployment scheme applies only to persons who were born before 1950.
\(^{49}\) See above, Part II, Section I
\(^{50}\) They have to take part in an integration programme, which may consist of e.g. training programmes, guidance, etc.
job (EE). Therefore, most countries make social assistance benefits conditional upon availability and capacity to find a job notwithstanding the age of the beneficiary. Nevertheless, it is likely that, due to the high unemployment rate among older people and the extreme difficulty for older workers to have access to the job market, the requirements are made flexible in practice to take into account their actual situation. For the same reason, requirements based on trainings or professional/personal mobility are probably evaluated in a less strict way when they apply to older workers.

Some countries remove gradually exemptions applicable to older workers. The exemption allowing persons of age 60 not to seek a job is being withdrawn in 2012 (FR). In other countries, a phasing-out process is being implemented: unemployed who were aged 57.5 or over on 1 May 1999 are not obliged to look for work; but if people who reach this age after this date are still not required to attend job interviews, they must accept suitable employment if it is offered (NL).
Conclusion

Recent MISSOC data on the functioning of old-age schemes combined with other incentives for stay at work/back to work of older people indicate that social protection policies in Europe contribute significantly to active ageing policies related to the promotion of longer working lives.

Among measures which have been carried out by countries in the past years, those setting a higher statutory age or making access to a decent pension more difficult (and therefore encouraging to stay at work longer) play a huge part in the maintaining at work of older people. They are at the centre of the attention of social protection reforms even if, according to their national traditions and to take account of their specific context, European countries use various paths or schedules in order to reach these aims. The phasing out of early retirement schemes (and, when still existing, the toughening of access criteria) as well as the tougher access to extended unemployment benefits until pensionable age follow the same general trend.

More innovative methods are now widely spread among countries, even if they come to clash with traditional principles of social protection. In particular, rules providing for the accumulation of an old-age/invalidity/incapacity pension and job income are accepted – to a variable extent and often subject to conditions or limits - by more and more countries. The deferment of a pension after the statutory retirement age is also adopted by a majority of countries. Social security schemes break their traditional limits by emphasising on preventive measures such as rehabilitation policies.

The contribution of social protection to longer working lives is however incomplete. This can be explained, inter alia, by the fact that social security/welfare schemes remain attached to their own systems, principles and goals. In other words, social protection foundations are not always compatible with active ageing policies. Social protection rules may be impacted by situations which have nothing to do with active ageing policies and which may even lead to counterproductive results with regard to active ageing goals. Conditions traditionally taken into account such as the family status, gender, birth date, insurance date, insurance record, sector of activity, nature of work or income level may have an impact on entitlement and calculation of benefits in a way which does not necessarily reflect the need for maintaining at work older people or for facilitating their back-to-work. Furthermore, MISSOC data show that only a minority of social protection reforms or adaptations really focus on active ageing. Most of the changes reach other goals, mainly the reduction of deficits or financial balance. Active ageing, understood as a way to give older worker better chances in the labour market, seems to be only an indirect consequence of reforms.

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